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REGULATIONS COVERING EXPORT FINANCING OF SALES OF AGRICULTURAL COMMODITIES UNDER THE CCC EXPORT CREDIT SALES PROGRAM (GSM-4)



PREFACE

These regulations contain the procedure for the financing, under the CCC Export Credit Sales Program, of export sales of U.S. agricultural commodities for periods up to a maximum of 36 months.

Applications for financing approvals are submitted to the Commodity Credit Corporation by U.S. exporters. The granting of a financing approval enables the U.S. exporter to sell such agricultural commodities to the foreign importer on a deferred payment basis.

Exports under this program are eligible to satisfy usual marketing requirements under PL 480 agreements between the United States and other countries where such agreements have been negotiated. Exports of commodities pursuant to any CCC barter contract or arrangement are not eligible for financing under this program. For all transactions there is required an acceptable bank obligation and an assignment by the U.S. exporter of his account receivable.

Requests for information concerning letters of credit and other documentation required before payments are made to U.S. exporters, as well as inquiries concerning the nature of the account receivable required, should be addressed to the Treasurer, Commodity Credit Corporation, U.S. Department of Agriculture, Washington, D.C. 20250, telephone DU 8-4042.

Interest is charged at rates announced each month in the CCC Monthly Sales List.

Further information regarding this program may be obtained from the Office of the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250, telephone DU 8-6225.

TITLE 7 - AGRICULTURE

Chapter XIV - Commodity Credit Corporation, Department of Agriculture

Subchapter C - Export Programs

Part 1488 - Financing of Sales of Agricultural Commodities

Subpart A - Financing of Export Sales of Agricultural Commodities from Private Stocks under CCC Export Credit Sales Program (GSM-4)

The following republication of Part 1488, Title 7, Code of Federal Regulations, is issued to include all amendments to date of the regulations governing the CCC Export Credit Sales Program published on April 27, 1967 (32 F.R. 6496-6500), and corrected and amended on May 4, 1967 (32 F.R. 6836), May 19, 1967 (32 F.R. 7437-7438), August 8, 1967 (32 F.R. 11416-11417), December 16, 1967 (32 F.R. 18018-18020), July 2, 1968 (33 F.R. 9593-9596), July 26, 1968 (33 F.R. 10641), and August 28, 1968 (33 F.R. 12135). This republication of Part 1488 contains minor changes and editorial corrections but does not include any substantive changes.

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AUTHORITY: The provisions of this Subpart A issued under sec. 5(f), 62 Stat. 1072, 15 U.S.C. 714c; sec. 407, 63 Stat. 1055, as amended, 7 U.S.C. 1427; sec. 4, P.L. 89-808, 80 Stat. 1538.

GENERAL REGULATIONS

Section 1488.1 General statement.

(a) Except as otherwise provided in this paragraph (a), the regulations contained in this Subpart A supersede Announcement GSM-3, Revision II, as amended, and set forth the terms and conditions governing the CCC Export Credit Sales Program (GSM-4). The maximum financing period shall be three years. GSM-3, Revision II, as amended, shall remain in effect for all transactions under credit approvals issued thereunder before April 27, 1967, the effective date of GSM-4: Provided, however, That, notwithstanding the provisions of GSM-3, Revision II, as amended, relating to the issuance and redemption of Export Commodity Certificates, such unexpired Certificates, except those issued on cotton transactions, may be presented, at the option of the holders thereof, to the issuing ASCS office for redemption at face value in cash: Provided, further, That, except for cotton transactions, when an Export Commodity Certificate has not been issued to the exporter, he may request payment in cash in lieu of certificates.

(b) On approval by CCC of an application for financing under this program, an eligible exporter may, but will not be obligated to, make export sales of agricultural commodities from private stocks on a deferred payment basis in accordance with the applicable financing arrangement. After export and subject to the terms and conditions set forth in this subpart, CCC will purchase for cash the exporter's account receivable arising from such export sale.

(c) The provisions of Public Law 83-664 are not applicable to the exporter's shipments under this program.

(d) The regulations contained in this Subpart A may be supplemented by such additional terms and conditions, applicable to specified agricultural commodities, as may be set forth in supplements hereto, and, to the extent that they may be in conflict or inconsistent with any other provisions of this Subpart A, such additional terms and conditions shall prevail.

Section 1488.2 Definition of terms.

Terms used in this subpart are defined as follows:

(a) "Account receivable" means the contractual obligation of the foreign importer to the exporter for the portion of the port value of the commodity exported for which the exporter is extending credit to the importer. The account receivable shall be evidenced by a promissory note

or accepted draft in form and substance satisfactory to CCC, except that it may be evidenced by other documents, in form and substance satisfactory to CCC, evidencing the contractual obligation of the foreign importer when the account receivable is assured by an obligation issued by a U.S. bank or when the Vice President, CCC, or his designee, determines under special circumstances that it is in the interest of CCC. All such notes, accepted drafts and other documents evidencing the account receivable shall provide for (1) payment in U.S. dollars in the United States, (2) interest in accordance with Section 1488.6, and (3) acceleration of payment thereunder in accordance with the terms and conditions of GSM-4. As used in GSM-4, "instrument" means a promissory note or accepted draft.

(b) "Agency or branch bank" means a foreign agency or branch bank supervised by New York State banking authorities or the banking authorities of any other State providing similar supervision, as approved by the Vice President, CCC, or his designee.

(c) "ASCS office" means the New Orleans Commodity Office of the Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

(d) "Bank obligation" means an obligation, acceptable to CCC, of a U.S. bank, agency or branch bank, or foreign bank to pay to CCC in U.S. dollars the amount of the port value which is being financed by CCC, plus interest in accordance with Section 1488.6. The bank obligation shall be in the form of an irrevocable letter of credit issued, confirmed or advised by a U.S. bank or an agency or branch bank. The bank obligation shall provide for payment under the terms and conditions of the financing agreement and shall be payable not later than the date of expiration of the financing period or of the bank obligation, whichever occurs first, if payment is not received from other sources.

(e) "CCC" means the Commodity Credit Corporation, U.S. Department of Agriculture.

(f) "Commercial risk" means risk of loss due to any cause other than a political risk.

(g) "Date of delivery" means the on-board date of the ocean bill of lading or, if exported by rail or truck, the date of entry shown on an authenticated landing certificate or similar document issued by an official of the government of the importing country.

(h) "Eligible commodities" means those agricultural commodities, including eligible cotton, which are produced in the United States and

which are designated as eligible for export under CCC's Export Credit Sales Program in either the CCC Monthly Sales List or other announcement by CCC in effect for the calendar month in which the financing approval is issued. Commodities which have been purchased from CCC are eligible for export as private stocks. Commodities shall not be eligible for financing under this program if they are exported under a barter contract or arrangement.

(1) "Eligible cotton" means (1) Extra long staple cotton grown in the United States of Grade No. 9 or better under the Official Cotton Standards of the United States for Grades of American-Egyptian Cotton (§§ 28.501 et seq. of this title), or Grade No. 5 or better under the Official Cotton Standards of the United States for Grades of Sea Island Cotton (§§ 28.551 et seq. of this title), and having a staple length of 1 3/8 inches or longer: Provided, however, That, all (1) reginned or repacked cotton, as defined in regulations of the Department of Agriculture under the U.S. Cotton Standards Act (§ 28.40 of this title), and (11) cotton which the exporter has any reason to believe may be shorter in staple length than 1 3/8 inches or below grade, shall be eligible for export hereunder only if a Form A certificate or other classification record acceptable to CCC issued by a board of cotton examiners of the U.S. Department of Agriculture covering each such bale shows that all such cotton exported was 1 3/8 inches or longer in staple length and of Grade No. 9 or better for American-Egyptian Cotton or Grade No. 5 or better for Sea Island Cotton. CCC's determination as to the eligibility of cotton hereunder shall be final. (2) Upland cotton grown in the United States, of a grade named in the Universal Standards for American Upland Cotton (§§ 28.401 et seq. of this title), and having a staple length of 13/16-inch or longer: Provided, however, That, all (1) reginned or repacked cotton, as defined in regulations of the U.S. Department of Agriculture under the U.S. Cotton Standards Act (§ 28.40 of this title), and (11) cotton which the exporter has any reason to believe may be shorter in staple length than 13/16-inch or below grade, shall be eligible for export hereunder only if a Form A or Form M certificate or other classification record acceptable to CCC issued by a board of cotton examiners of the U.S. Department of Agriculture covering each such bale shows that all such cotton exported was 13/16-inch or longer in staple and of a grade named in the Universal Standards for American Upland Cotton. (Reginned or repacked cotton, unless proof of export includes an acceptable classification record, cotton shorter in staple length than 13/16-inch, below grade cotton, byproducts of cotton such as cotton mill waste, motes, and linters, and any cotton that contains any byproduct of cotton are not eligible for export hereunder.) CCC's determination as to the eligibility of cotton hereunder shall be final.

(j) "Eligible exporter" or "exporter" means a person (1) who is regularly engaged in the business of buying or selling commodities

and for this purpose maintains a bona fide business office in the United States, its territories or possessions, and has someone on whom service of judicial process may be had within the United States, (2) who is financially responsible, and (3) who is not suspended or debarred from contracting with or participating in any program financed by CCC on the date of issuance of his financing approval.

(k) "Eligible destination" means the country which is named in the financing approval and which meets the licensing requirements of the U.S. Department of Commerce.

(l) "FAS" means the Foreign Agricultural Service, U.S. Department of Agriculture.

(m) "Financing agreement" means the financing approval issued by either the General Sales Manager, FAS, or the Director, ASCS office, and includes the terms and conditions of the regulations in this subpart and any amendments thereto in effect on the date of the issuance of the letter of credit.

(n) "Financing approval" means (1) the exporter's written application for financing as approved by the General Sales Manager or by the Director, ASCS office, or (2) the written confirmation by the Director, ASCS office, of a telephonic application approved by the Director, ASCS office.

(o) "Financing period" means the number of months specified in the financing approval. Such period shall start on the date of delivery, or the weighted average delivery date, of the commodities to be exported under the financing agreement.

(p) "Foreign bank" means a bank which is neither a U.S. bank nor an agency or branch bank, and includes a foreign branch of a U.S. bank.

(q) "Foreign importer" or "importer" means the foreign buyer who purchases from the exporter the commodities exported under a financing agreement and who executes the instruments or other documents evidencing the account receivable assigned to CCC.

(r) "GSM-4" means the regulations contained in this Subpart A setting forth the terms and conditions governing the CCC Export Credit Sales Program.

(s) "Monthly Sales List" means the CCC Monthly Sales List which is published monthly in the Federal Register.

(t) "Political risk" means risk of loss due to (1) inability of the foreign bank through no fault of its own to convert foreign currency to dollars, or (2) non-delivery into the eligible destination of the commodity covered by a financing agreement through no fault of the foreign bank or importer or exporter because of the cancellation by the government of the eligible destination of previously issued valid authority to import such shipment into the eligible destination or because of the imposition of any law or of any order, decree, or regulation having the force of law which prevents the import of such shipment into the eligible destination, or (3) inability of the foreign bank to make payment due to war, hostilities, civil war, rebellion, revolution, insurrection, civil commotion, or other like disturbance occurring in the eligible destination, expropriation, confiscation, or other action by the government of the eligible destination.

(u) "Port value" means the net amount of the exporter's sales price of the commodity to be exported under the financing agreement, basis f.a.s. or f.o.b. export carrier at U.S. ports, at U.S. border points of exit or, if transshipped through Canada via the Great Lakes, at ports on the St. Lawrence River. The port value shall not include the ocean freight for a c&f sale or ocean freight and marine and war risk insurance for a cif sale. The net amount of the exporter's sales price means the contract price for the commodities less any payments made by the importer and less any discounts, credits, or allowances to the importer.

(v) "United States" means the 50 States, the District of Columbia, and Puerto Rico.

(w) "U.S. bank" means a bank organized under the laws of the United States, a State, or the District of Columbia.

(x) "Vice President, CCC" means the Vice President who is the Administrator, FAS.

Section 1488.3 Submission of applications for financing.

(a) An eligible exporter may submit an application for financing. Except as otherwise provided in this paragraph (a), all applications for financing shall be submitted to the General Sales Manager's Office, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250. An application for financing export sales of cotton under which the financing period will not exceed 12 months, the amount of financing will not exceed \$4 million, and the bank obligation will be issued by a U.S. bank, may be submitted to the Director, ASCS office, as provided in paragraph (e) of this section.

(b) CCC reserves the right to reject any and all applications.

(c) Applications submitted to the General Sales Manager shall be in writing and shall refer to GSM-4, thereby incorporating by reference into the application all the terms and conditions of GSM-4. On approval, the General Sales Manager shall assign a financing approval number and issue the financing approval. The following information shall be included in the exporter's application:

(1) The name of the commodity to be exported, the class, grade or quality, as applicable, and the quantity.

(2) The country of destination.

(3) The approximate port value of the commodity to be exported.

(4) The financing period.

(5) Justification for a financing period in excess of 12 months for cotton, tobacco, and vegetable oils and 6 months for all other eligible commodities.

(6) Whether the bank obligation assuring payment of the account receivable will be issued by a U.S. bank, an agency or branch bank, or a foreign bank, and if by a foreign bank or an agency or branch bank, its name and address.

(7) The name and address of the foreign importer.

(d) A financing period in excess of 12 months for cotton, tobacco, and vegetable oils and 6 months for all other eligible commodities, but not in excess of 36 months, may be approved by the General Sales Manager when such longer period will achieve one or more of the following results:

(1) Permit U.S. exporters to meet credit terms offered by competitors from other Free World countries.

(2) Prevent a loss or decline in established U.S. commercial export sales caused by noncommercial factors.

(3) Permit U.S. exporters to establish or retain U.S. markets in the face of penetration by Communist suppliers.

(4) Substitute commercial dollar sales for sales for local currencies and sales on long term credits.

(5) Result in a new use of the imported agricultural commodities in the importing country.

(6) Permit expanded consumption of agricultural commodities in an importing country and thereby increase total commercial sales of agricultural commodities to the importing country by the United States and other exporting countries.

In considering applications involving export of commodities to countries in a good financial and balance of payments situation, principal reliance will be placed on subparagraphs (1), (2), and (3) of this paragraph (d).

(e) Applications submitted to the ASCS office shall designate that the commodity is cotton and shall specify the financing period, the country of destination, the approximate port value of the commodity, the name and address of the foreign importer, and, if the bank obligation assuring payment of the account receivable will be issued by an agency or branch bank, the name and address of such bank. Application may be made by phone or in writing. On approval of an application, the ASCS office shall assign a financing approval number and issue the financing approval which shall refer to GSM-4, thereby incorporating by reference into the approval all the terms and conditions of GSM-4. For financing approvals issued by the ASCS office, bank obligations must be irrevocable letters of credit issued by a U.S. or agency or branch bank. Confirmed or advised foreign bank obligations are not acceptable under this paragraph (e).

(f) If the General Sales Manager or the ASCS office requires additional information, the applicant shall furnish it on request.

(g) The financing approval may contain such terms and conditions as the General Sales Manager or the ASCS office deems in the interest of CCC not inconsistent with GSM-4.

(h) At any time before the issuance of the related bank obligations, the official who approved the financing application may, on written application of the exporter, amend the financing approval provided the provisions of such amendment are in conformity with the regulations in this Subpart A at the time of such amendment and are determined by such official to be in the interest of CCC. Such amendments may include an extension of the period for export required by Section 1488.7(a) provided the exporter furnishes to CCC acceptable evidence of an export sale contract requiring deliveries during a longer period not in excess of 365 days from the date of the financing approval.

Section 1488.4 Coverage of bank obligations.

(a) U.S. banks and agency or branch banks shall be liable without regard to risks for payment of bank obligations issued by them.

(b) If the obligation is issued by a foreign bank, it must be confirmed and advised as provided in paragraphs (c), (d), and (e) of this section.

(c) A U.S. bank must confirm the full amount of an obligation issued by its foreign branch. CCC will look to the U.S. bank for payment without regard to risks.

(d) If an agency or branch bank confirms an obligation issued by a bank in the country in which the home office of the agency or branch bank

is located, it must confirm the full amount thereof. CCC will look to the agency or branch bank for payment without regard to risks.

(e) Except as provided above in paragraphs (c) and (d) of this section, if a U.S. bank or an agency or branch bank confirms an obligation issued by a foreign bank, it must confirm at least 10 percent pro rata and must advise the remainder of the foreign bank obligation. For the confirmed amount, CCC will hold the U.S. bank or the agency or branch bank liable for commercial risks but not for political risks. For the advised amount, CCC will not hold the U.S. bank or the agency or branch bank liable for commercial or political risks. CCC will hold the foreign bank liable without regard to risks for all amounts not recovered from the U.S. bank or the agency or branch bank.

(f) Under special circumstances, on application in writing, the Vice President, CCC, may reduce or waive the requirement for 10 percent confirmation by a U.S. or agency or branch bank, but a bank will not be relieved from an obligation once it has been undertaken.

(g) Any bank obligation which provides for a bank acceptance of a time draft drawn by CCC (banker's acceptance) shall not be acceptable to CCC.

(h) CCC will consent to cancellation or reduction of a bank obligation to the extent that it receives payment from other sources of amounts otherwise payable under such bank obligation.

(i) Collection of accounts receivable purchased under this program will be effected through the issuance by CCC of sight drafts against the bank obligations, but this method of collection shall not be exclusive of any other collection procedures or rights available to CCC.

Section 1488.5 CCC drafts.

Under those bank obligations which are partially confirmed, CCC will draw separate drafts for the amounts confirmed and the amounts not confirmed, to which CCC will attach the related instruments evidencing the account receivable, endorsed to the U.S. bank or agency or branch bank. If a CCC draft is dishonored, the U.S. or agency or branch bank shall return the dishonored draft together with the related instrument and its statement of the reasons for nonpayment. For confirmed amounts, a U.S. or agency or branch bank may request refund from CCC of the amount paid if it certifies to CCC that it is unable to recover funds from the foreign bank due to a stipulated political risk which existed on the date payment was made to CCC under the draft. On approval by CCC of such request, the refund shall be promptly made, together with interest at the Federal Reserve Bank of New York discount rate from the date payment was originally made to CCC to but not including the date of refund by CCC, and the related instrument shall be returned to CCC. For unconfirmed amounts, remittance

to CCC shall be considered final, and the U.S. bank or agency or branch bank shall not thereafter have recourse to CCC.

Section 1488.6 Interest charges.

The account receivable assigned to CCC and the related bank obligation(s) shall bear interest until paid. The Vice President, CCC, or his designee, shall from time to time establish rates of interest applicable to financing agreements, which shall be announced in the CCC Monthly Sales List. The interest rate applicable to a particular financing agreement shall be specified in the financing approval. The interest rate applicable to that portion of an account receivable, the payment of which is assured by a bank obligation issued by a U.S. bank or an agency or branch bank, or by a pro rata confirmation of a U.S. bank or an agency or branch bank, shall be one percent lower than the interest rate established for the remainder of the account receivable. The criteria to be used in determining the rate of interest will be those established in consultation with and after approval by the National Advisory Council on International Monetary and Financial Policies. Interest shall accrue on the account receivable and the related bank obligation(s) from the date of delivery, or the weighted average delivery date, of the agricultural commodities exported under the financing agreement to the date of payment to CCC of such account receivable or related bank obligation(s), and shall be payable as specified in the financing approval.

Section 1488.7 Expiration of period for export.

(a) Unless export is made within such export period as may be provided in the financing approval or in any amendment thereof, or under paragraph (b) of this section, or, if no such period is so provided, within a period of 90 days from the date of the financing approval, the financing approval will no longer be valid. The date of export shall be the date of delivery.

(b) If the Vice President, CCC, or his designee, determines that delay in export was due solely to causes without the fault or negligence of the exporter, the period of export may be extended by CCC to include the period of such delay.

Section 1488.8 Advance payment.

If, before expiration of the financing period, the exporter or the U.S. bank or the agency or branch bank accepts payment from or on behalf of the foreign importer of any part of the account receivable, it shall be remitted promptly to CCC. Such prepayment shall be applied first to interest on the unpaid balance of the account receivable to the date CCC receives such prepayment and then to the principal.

Section 1488.9 Documents required after export.

(a) Within 45 days after date of delivery of the commodities exported under the financing agreement, the exporter shall submit the following documents to the Treasurer, Commodity Credit Corporation, Washington, D.C. 20250, telephone number DU 8-4042:

(1) A written application for disbursement, showing the financing approval number and the port value of the commodity exported.

(2) An assignment of the account receivable arising from the export sale, in form and substance acceptable to CCC. When the account receivable is evidenced by documents other than instruments, in accordance with Section 1488.2(a), such documents shall be submitted with the assignment.

(3) A copy of the sales invoice to the foreign importer.

(4) A copy of the document evidencing export as provided in Section 1488.10, and, if the consignee is other than the foreign importer, such additional information as CCC may request to show that export was made in accordance with the instructions of, or the export sale contract with, the foreign importer.

(5) A certification by the exporter that the agricultural commodities of the grade, quality, and quantity called for in the exporter's sale to the foreign importer have been delivered and that the exporter knows of no defenses to the account receivable assigned to CCC.

(6) A bank obligation or obligations in accordance with Section 1488.4, paragraphs (d) and (e) of this section, and Section 1488.11, payable to CCC, in form and substance acceptable to CCC, covering the financing agreement and including interest in accordance with Section 1488.6.

(7) When the account receivable is evidenced by instruments, in accordance with Section 1488.2(a), two (2) separate instruments evidencing the account receivable, one for the confirmed amount and one for the unconfirmed amount. If installment payments under the bank obligation are required by the financing approval, there shall be furnished two (2) such separate instruments for each such installment. Each instrument evidencing all or a part of the account receivable shall provide that it is assignable free of defenses and that in event of default by the importer or of the bankruptcy, insolvency, or other inability of the importer to meet its obligations or to continue in business on an unrestricted basis, the account receivable shall become immediately due and payable.

(b) On timely receipt of the documents described in paragraphs (a) (1) through (6) of this section, the Treasurer, CCC, will pay

promptly to the exporter the port value of the commodity exported or 110 percent of the amount specified in the financing approval, whichever is the lesser.

(c) If an acceptable application for disbursement and the supporting documents described in paragraphs (a) (1) through (6) of this section have not been received by CCC within 45 days from the date of delivery, or any extension thereof approved by the Vice President, CCC, or his designee, the financing agreement shall be void.

(d) If the instruments described in paragraph (a) (7) of this section are not received by CCC within 45 days after date of delivery, and payment has been made by CCC, the account receivable and the bank obligation assuring the account receivable shall at the option of CCC become due and payable. However, if the use of a weighted average delivery date has been approved for starting the financing period, the 45 days will begin with the date of the last delivery.

(e) If for any reason a draft drawn under a foreign bank obligation is dishonored or if the issuing bank is insolvent, is in bankruptcy, receivership, or liquidation, has made an assignment for the benefit of creditors, or for any other reason discontinues or suspends payments to depositors or creditors or otherwise ceases to operate on an unrestricted basis, the obligation issued by that bank to CCC shall become immediately due and payable, and any balance due on the account receivable assured by the obligation issued by such bank shall, at the option of CCC, become immediately due and payable. CCC may permit the substitution of another acceptable foreign bank obligation covering such balance due and confirmed in accordance with Section 1488.4.

Section 1488.10 Evidence of export and warranty.

(a) If the commodity is exported by rail or truck, the exporter shall furnish a copy of the bill of lading, certified by the exporter as being a true copy, under which the commodity is exported, and an authenticated landing certificate or similar document issued by an official of the Government of the country to which the commodity is exported, showing the quantity, the place and date of entry, the gross landed weight of the commodity, and the name and address of both the exporter and the importer.

(b) If the commodity is exported by ocean carrier, the exporter shall furnish a nonnegotiable copy or photocopy or other type of copy of either (1) an on-board ocean bill of lading or (2) an ocean bill of lading with an on-board endorsement dated and signed or initialed on behalf of the carrier. The bill of lading must be certified by the exporter as being a true copy and must show the quantity, the date and

place of loading the commodity, the name of the vessel, the destination of the commodity, and the name and address of both the exporter and the importer. If the exporter is unable to supply documentary evidence of export as specified in this paragraph (b) he shall submit such other documentary evidence as may be acceptable to CCC.

(c) By submitting documents evidencing export, the exporter represents and warrants that the commodity covered by such documents was not exported to, and has not been and will not be transshipped or caused to be transshipped by the exporter to, any country or area for which an export license is required under the regulations issued by the Bureau of International Commerce, U.S. Department of Commerce, unless a license for such export or transshipment thereto has been obtained from such Bureau.^{1/}

(d) For commodities transshipped through Canada via the Great Lakes, the exporter shall certify that the commodity transshipped was produced in the United States.

Section 1488.11 Evidence of entry into country of destination.

For a financing agreement under which the financing period is in excess of 12 months for cotton, tobacco, and vegetable oils, or is in excess of 6 months for all other eligible commodities, within 90 days, or such extension of time as may be granted by the General Sales Manager in writing, following shipment from the United States of any agricultural commodity exported under the financing agreement, the exporter shall furnish to the General Sales Manager documentary evidence satisfactory to the General Sales Manager of customs entry of the commodity into the country of destination specified in the financing agreement. A certificate signed or authenticated by a customs official of the country of destination stationed in such country shall be satisfactory if it (a) identifies the agricultural commodity (or permits identification through supplementary documents which are furnished to the General Sales Manager) as that exported under the financing agreement, (b) states the quantity of such commodity entered, and (c) states the date of entry. If the certificate is in other than the English language, the exporter shall also provide the General Sales Manager with an English translation thereof. Within 10 days, or such extension of time as may be granted in writing by the

^{1/} Information to exporters: The Department of Commerce regulations prohibit exportation or reexportation by anyone, including a foreign exporter, of the commodity exported pursuant to the terms of these regulations, to prohibited countries and areas. The attention of the exporter is invited to the "Notice to Exporters" which accompanies these regulations.

General Sales Manager, following shipment from the United States of any agricultural commodity exported under the financing agreement, the exporter shall also furnish to the General Sales Manager nonnegotiable copies or photocopies or other types of copies of all applicable bills of lading properly identified with the financing approval number. If such evidence is not furnished within the time specified, the financing agreement may be terminated by the General Sales Manager and on such termination, if payment under the bank obligation or account receivable has not yet been received, at the option of CCC the bank obligation and the account receivable shall become due and payable. The remedy herein provided shall not be exclusive of other rights available to the Federal Government as a result of the entry of a commodity, exported under a financing agreement, into a country other than that specified in the financing agreement.

Section 1488.12 Liability for payment.

If exportation is made within the coverage of the bank obligation(s) submitted in accordance with Section 1488.9, CCC will look to the obligating bank or banks and the foreign importer, rather than to the exporter, for payment of all amounts due at maturity of the instruments or other documents evidencing the account receivable and of the bank obligation(s), but the exporter shall remain liable for any loss arising from breach of any certification or warranty made by him, any amounts not covered by the bank obligation which are owing to CCC, and any remittance or refund required by Sections 1488.8 and 1488.14, together with interest thereon at the face rate of the related instruments or other documents evidencing the account receivable. The liability of the bank and the importer under their respective obligations shall be several.

Section 1488.13 Assignment.

The exporter shall not assign any claim or rights to any amounts payable under the financing agreement, in whole or in part, without written approval of the Vice President, CCC, or his designee.

Section 1488.14 Covenant against contingent fees.

The exporter warrants that no person or selling agency has been employed or retained to solicit or secure the financing agreement on an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the exporter for the purpose of securing business. For breach or violation of this warranty, CCC shall have the right, without limitation on any other rights it may have, to annul the financing agreement without liability to CCC. Should the

financing agreement be annulled, CCC will promptly consent to the reduction or cancellation of related bank obligations except for amounts outstanding under a financing agreement. Such outstanding amounts shall, on demand, be refunded to CCC by the exporter.

Section 1488.15 Shipment of commodities on vessels calling at Cuban and North Vietnamese ports.

Any commodity exported under the CCC financing agreement shall not be shipped from the United States on a vessel which has called at a Cuban port on or after January 1, 1963, or at a North Vietnamese port on or after January 25, 1966.

Section 1488.16 Officials not to benefit.

No member of or delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of the financing agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to the financing agreement if made with a corporation for its general benefit.

Section 1488.17 Exporter's records and accounts.

The Vice President, CCC, and his designees, shall have access to and the right to examine any directly pertinent books, documents, papers, and records of the exporter involving transactions related to contracts between the exporter and the importer until the expiration of three years after maturity of the related financing agreement.

Section 1488.18 Communications.

Unless otherwise provided, any written requests, notifications, or communications by the applicant pertaining to the financing agreement shall be addressed to the General Sales Manager's office, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250.

(The recordkeeping and reporting requirements of the regulations of this subpart have been approved by, and subsequent recordkeeping and reporting requirements will be subject to, the approval of the Bureau of the Budget in accordance with the Federal Reports Act of 1942.)

Supplement I - Beef Breeding Cattle

A. Additional definitions.

1. "Port value" means the net amount of the exporter's sales price for beef breeding cattle to be exported under the financing agreement, basis f.a.s. or f.o.b. export carrier at U.S. ports, at U.S. border points of exit, or at U.S. points of flight if transported by air freight. The point of exportation for animals shall be designated by the Agricultural Research Service, U.S. Department of Agriculture. The port value shall not include the ocean freight for a c&f sale or ocean freight and marine and war risk insurance for a cif sale, and shall also not include any animal care or servicing cost incurred after such animals are loaded aboard the export carrier. The net amount of the exporter's sales price means the contract price for the animals less any payments made by the importer and less any discounts, credits, or allowances to the importer. Such net amount shall not exceed (a) for registered bulls, \$1200 each or, with prior approval of the General Sales Manager, \$2500 if performance has been superior to the performance records specified in Exhibit II to this supplement; (b) for registered females, \$600 each or, with prior approval of the General Sales Manager, \$1000 if performance has been superior to the performance records specified in Exhibit I to this supplement; (c) for non-registered females, an average, for the sale, of \$450 each or, with prior approval of the General Sales Manager, \$650 if performance has been superior to the performance records specified in said Exhibit I. The difference, if any, between the maximum net amount specified in (a), (b), or (c) of this paragraph A. 1. and the contract price for the individual animal, if registered, or the average contract price for the individual animal, if non-registered, shall not be included as part of the port value.

2. "Producer" means the person holding legal title to the animal at time of birth and who has had continuous ownership of such animal until sold for export under an approved financing agreement.

3. "Bred female" means either a bred heifer or bred cow as set forth in Exhibit I, Option B, which has been certified to as pregnant at the time of inspection.

4. "Breeder" means the person holding legal title to the female animal at the time she was served to qualify such animal hereunder as a bred female.

5. "Eligible animal" means an animal which meets all the following requirements:

(a) The animal must be the progeny of a nationally recognized beef cattle breed (Exhibits I and II);

(b) The animal must have been owned by a person who had continuous title to such animal for a period of at least 90 days immediately before acquisition by the exporter, unless the exporter is the producer of the animal;

(c) The animal must, at the time of export, have an eartag attached by USDA testing authority; and

(d) The animal must qualify under the specifications of Exhibit I for females and Exhibit II for bulls.

6. "Registered animal" means an eligible animal which the appropriate national breed association has officially registered or otherwise classified as a purebred animal of that breed. Such animal must be marked with a legible tattoo or brand which corresponds with the number shown in the certificate of registration or other official document issued by the appropriate national breed association.

7. "Non-registered animal" means an eligible animal, whether or not purebred, which is predominantly of the color characteristics and body conformation of the beef breed stated in the contract between the exporter and the importer. (See Exhibits I and II.)

B. Submission of applications for financing.

1. In addition to the information required by Section 1488.3(c) (2) through (7), applications for financing export credit sales of beef breeding cattle shall include the following:

(a) A general description by breed of the animals to be exported, separately describing the animals under the following classes:

- (1) registered bulls;
- (2) registered bred females;
- (3) registered unbred females;
- (4) non-registered bred females; and
- (5) non-registered unbred females.

(b) A statement that such animals will conform to the general specification requirements set forth in Exhibits I or II, as applicable to the class of animals to be exported.

2. In addition to the justifications specified in Section 1488.3(d), a financing period in excess of 6 months but not in excess of 36 months

for beef breeding cattle may be justified when it will result in the use by the importer, or by purchasers from the importer, of the animals in the destination country under conditions which will promote expanded demand for additional breeding animals or feed stuffs from the United States.

3. An application for financing an export credit sale of beef breeding cattle shall be accompanied by a written statement, by (a) an official of the appropriate ministry or department of the importing country or (b) the U.S. agricultural attache or other designated U.S. employee, that in his opinion the importer is qualified, by experience or otherwise, to receive, unload and clear for import, feed and house cattle.

C. Additional documents required after export.

In addition to the documents specified in Section 1488.9 (a) (1), (2), (3), (4), (6), and (7), the exporter shall submit the following documents to the Treasurer, Commodity Credit Corporation:

1. Separate animal tag lists for registered animals and for non-registered animals, containing the following information:

(a) Eartag identification number.

(b) For each registered animal, shown separately opposite the identification number, the sales price as specified in the sales invoice to the foreign importer.

(c) For non-registered animals, shown for each lot group by tag list, the average sales price per animal based on the sales invoice for such non-registered animals.

2. Performance records for animals for which a higher maximum port value has been approved by the General Sales Manager as provided in paragraph A. 1.

3. A certification by the exporter that animals of the description in the exporter's sales contract with the foreign importer have been delivered, and that the exporter knows of no defenses to the account receivable assigned to CCC.

D. Miscellaneous.

The following documents or certifications, as applicable, shall be furnished to the importer by the exporter:

1. The certificates issued by an agent of the Consumer and Marketing Service, U.S. Department of Agriculture, as to official registration of

the animal(s) and listing the eartag number(s), corresponding registration certificate and tattoo numbers for each registered animal showing that such numbers have been verified as legible and accurate for such animal, and that the person holding legal title to the animal at the time of export sale has appropriately executed such certificate for transfer to the party designated by the importer. (See Exhibit I or II.)

2. A certification by the breeder of females sold as "bred females" showing the eartag numbers and stating that the service bull was a registered bull of the same beef cattle breed as the female to which bred. (See Exhibit I.)

3. The certificates issued or endorsed by the Animal Health Division, Agricultural Research Service, listing the eartag number(s) and showing that such animal has been inspected for compliance with "Health" requirements. (See Exhibit I or II).

4. The certificates issued by the Consumer and Marketing Service listing the eartag number(s) for each animal showing for such animal compliance with breed, age, weight, and conformation grade, for the class, as shown in Exhibit I or II, as applicable.

5. Certificates issued by a veterinarian accredited by the Agricultural Research Service, showing that bred females, sold as such, were examined and found to be with calf at time of inspection.

6. A semen certification by a veterinarian accredited by the Agricultural Research Service, for bulls over one year of age.

E. Dual purpose breeds.

When dual purpose breeds 1/ are eligible for financing under the provisions of both Supplement I and Supplement II to GSM-4, as amended, the exporter has the option of qualifying such animals under the provisions of either supplement. Such option must be stated in the application filed pursuant to Section 1488.3. In the event such dual purpose breeds are approved for export hereunder, the provisions of this supplement shall apply.

1/ Milking Shorthorn and Red Poll.

Exhibit I to Supplement I

USDA Approved Beef Breeding Cattle Export Specifications - Females

Option A (to be specified by purchaser)

1. Registered 1/

Breed

- a. Angus
- b. Hereford
- c. Polled Hereford
- d. Charolais
- e. Santa Gertrudis
- f. Shorthorn
- g. Polled Shorthorn
- h. Brahman
- i. Milking Shorthorn 2/
- j. Red Poll 2/
- k. Other beef cattle breeds described in Farmers' Bulletin No. 2228 entitled "Beef Cattle Breeds", issued January 1968.

2. Non-registered 3/

Predominant Breed

(specify from breed above)

-
- 1/ Animals must be officially registered with the appropriate National Breed Association and be so certified by C&MS agent.
 - 2/ Dual Purpose Breeds (See paragraph E, Supplement I or II).
 - 3/ Non-registered animals will be certified for breed by the C&MS agent.

Option B (to be specified by purchaser)

Age 4/

1. Calf - (7 to 12 months)
2. Yearling Open - (12 to 18 months)
3. Bred Heifer - (18 to 36 months)
4. Bred Cow - (24 to 48 months)
5. Mature Cow - (24 to 48 months) 5/

General Requirements

A. Health 6/

1. Tested negative for tuberculosis within 30 days of loading aboard export carrier.

2. Tested negative for brucellosis within 30 days of loading aboard export carrier, or is an official vaccinate under 30 months of age.

3. Certified from a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.

4. Animals come from farms that have not been under State or Federal quarantine for any communicable disease during the past year.

5. Animals have been inspected and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto, and free of mites, ticks and ringworm or freed from the same.

B. Minimum Weight 7/

1. Calf - (7 to 12 months) 400#
2. Yearling Open - (12 to 18 months) 500#

4/ Certification by C&MS agent.

5/ See E3 of this Exhibit I.

6/ Certification or endorsement furnished by Animal Health Division, Agricultural Research Service, USDA.

Exhibit II to Supplement I

USDA Approved Beef Breeding Cattle Export Specifications - Bull

Option A (to be specified by purchaser)

Breed 1/

1. Angus
2. Hereford
3. Polled Hereford
4. ~~Char~~olais
5. ~~Santa~~ Gertrudis
6. Shorthorn
7. Polled Shorthorn
8. ~~Brahman~~
9. ~~Milking~~ Shorthorn 2/
10. Red Poll 2/
11. Other beef cattle breeds described in Farmers' Bulletin No. 2228 entitled "Beef Cattle Breeds", issued January 1968.

Option B (to be specified by purchaser)

Age 3/

1. Bull Calf - (7 to 12 months)
2. Yearling Bull - (12 to 18 months)
3. Bull - (18 to 24 months)
4. Mature Bull - (24 to 48 months)

1/ All animals for delivery under these specifications must be officially registered with the appropriate National Breed Association and be so certified by C&MS agent.

2/ Dual Purpose Breeds (See paragraph E, Supplement I or II).

3/ Certification by C&MS agent.

General Requirements

A. Health 4/

1. Tested negative for tuberculosis within 30 days of loading aboard export carrier.
2. Tested negative for brucellosis within 30 days of loading aboard export carrier.
3. Certified from a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.
4. Animals come from farms that have not been under State or Federal quarantine for any communicable disease during the past year.
5. Animals have been inspected and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto, and free of mites, ticks and ringworm or freed from the same.

B. Minimum Weight 5/

1. 7 to 12 months 470#
2. 12 to 18 months 790#
3. 18 to 24 months 1100#
4. Over 24 months 1350#

C. Minimum Conformation Prime 5/

D. Performance Records 6/ (optional, unless specified)

(See attached Appendix I to Exhibits I and II.)

1. Minimum Adjusted Daily Gain to weaning 1.9# / day

E. A semen check indicating at least 60 percent sperm motility must be supplied for bulls over one year of age. 7/

- 4/ Certification or endorsement furnished by Animal Health Division, Agricultural Research Service, USDA.
- 5/ Certification furnished by Livestock Division, C&MS, USDA. Conformation grade based on official USDA Feeder Cattle Standards. (See Appendix II attached.)
- 6/ Official State records or National Breed Association records, or Performance Registry International records.
- 7/ Certification must be issued by an accredited veterinarian.

PERFORMANCE TESTING

Performance testing is known by several names in the United States, but practically all organizations evaluate similar characteristics in beef cattle. The principal factors used in evaluating performance are growth rate and conformation, but not necessarily both. Animals which are tested are weighed at birth and again at weaning. The weaning weight is adjusted to an equivalent of 205 days of age and is also adjusted depending on the age of the dam. This is done to make weights of calves from first-calf heifers comparable to weights of calves from older cows.

The adjusted daily gain from birth to weaning is indicative not only of inherited gaining ability but also of the milking ability of the dam.

Appendix II to Exhibits I and II

SPECIFICATIONS FOR OFFICIAL UNITED STATES STANDARDS FOR GRADES OF FEEDER CATTLE (STEERS, HEIFERS, AND COWS) 1/

Prime

Feeder cattle which possess typical minimum qualifications for the Prime grade are very thickly muscled throughout. They are wide through the chest with well sprung ribs and are moderately wide and thick through the crops, back and loin. The rounds tend to be thick and the twist is moderately deep. They usually have straight top and bottom lines and usually are moderately deep in the fore and rear flanks. The legs tend to be short, are set wide apart, and usually are straight. The head is usually short and wide and the neck usually is short and thick. They have large, rugged frames with moderately large but refined bone. They have a high degree of symmetry and smoothness throughout.

Choice

Feeder cattle which possess typical minimum qualifications for the Choice grade are thickly muscled throughout. They are moderately wide through the chest with a moderate spring of ribs and are slightly wide and thick through the crops, back and loin. The rounds are slightly thick and the twist is slightly deep. They usually have straight top lines and usually are moderately deep in the fore and rear flanks. The legs are slightly short, and are set moderately wide apart and usually are straight. The head usually is moderately short and wide and the neck usually is slightly short and thick. They have moderately large, rugged frames, and the bone usually is moderately large, but may be slightly fine or slightly large and coarse. They have a moderate degree of symmetry and smoothness throughout.

1/ Adapted from Service and Regulatory Announcement C&MS 183, issued March 1965. A copy of this publication and charts picturing the grades of feeder cattle may be obtained upon request from the Livestock Division, C&MS, USDA, Washington, D.C. 20250.

Supplement II - Dairy Breeding Cattle

A. Additional definitions.

1. "Port value" means the net amount of the exporter's sales price for dairy breeding cattle to be exported under the financing agreement, basis f.a.s. or f.o.b. export carrier at U.S. ports, at U.S. border points of exit, or at U.S. points of flight if transported by air freight. The point of exportation for animals shall be designated by the Agricultural Research Service, U.S. Department of Agriculture. The port value shall not include the ocean freight for a c&f sale or ocean freight and marine and war risk insurance for a cif sale, and shall also not include any animal care or servicing cost incurred after such animals are loaded aboard the export carrier. The net amount of the exporter's sales price means the contract price for the animals less any payments made by the importer and less any discounts, credits, or allowances to the importer. Such net amount shall not exceed (a) \$1200 each for registered bulls which have an Acceptable performance index as set out in paragraph D. 1., Exhibit II to this supplement, or, with prior approval of the General Sales Manager, \$2500 if such animal has a Superior performance index as set out in paragraph D. 2. of Exhibit II; (b) \$750 each for registered females which have an Acceptable performance index as set out in paragraph D. 1., Exhibit I to this supplement, or with prior approval of the General Sales Manager, \$1200 if such animal has a Superior performance index as set out in paragraph D. 2. of Exhibit I; (c) with prior approval of the General Sales Manager, \$1200 each for registered mature cows which have a Superior performance index as set out in paragraph D. 3. of Exhibit I; (d) with prior approval of the General Sales Manager, \$750 each for nonregistered mature cows which have a Superior performance index as set out in paragraph D. 3. of Exhibit I; or (e) \$600 average for the sale of nonregistered females, other than mature cows with a Superior performance index, if each such animal has an Acceptable performance index as set out in paragraph D. 1. of Exhibit I. The difference, if any, between the maximum net amount specified in (a), (b), (c), (d), or (e) of this paragraph A. 1. and the contract price for individual registered animals or nonregistered mature cows with a Superior performance index, or the average contract price for nonregistered females, other than mature cows with a Superior performance index, shall not be included as a part of the port value.

2. "Producer" means the person holding legal title to the animal at time of birth and who has had continuous ownership of such animal until sold for export under an approved financing agreement.

3. "Bred female" means either a bred heifer or bred cow as set forth in Exhibit I, Option B, which has been certified to as pregnant at the time of inspection.

4. "Breeder" means the person holding legal title to the female animal at the time she was served to qualify such animal hereunder as a bred female.

5. "Eligible animal" means an animal which meets all the following requirements:

(a) The animal must be the progeny of a nationally recognized dairy cattle breed (Exhibits I and II);

(b) The animal must have been owned by a person who had continuous title to such animal for a period of at least 90 days immediately before acquisition by the exporter, unless the exporter is the producer of the animal;

(c) The animal must, at the time of export, have an eartag attached by USDA testing authority; and

(d) The animal must qualify under the specifications of Exhibit I for females and Exhibit II for bulls.

6. "Registered animal" means an eligible animal which the appropriate national breed association has officially registered or otherwise classified as a purebred animal of that breed. Such animal must be marked with a legible tattoo or brand which corresponds with the number shown in the certificate of registration or other official document issued by the appropriate national breed association.

7. "Nonregistered animal" means an eligible animal, whether or not purebred, which is predominantly of the color characteristics and body conformation of the dairy breed stated in the contract between the exporter and the importer. (See Exhibits I and II.)

B. Submission of applications for financing.

1. In addition to the information required by Section 1488.3(c) (2) through (7), applications for financing export credit sales of dairy breeding cattle shall include the following:

(a) A general description by breed of the animals to be exported, separately describing the animals under the following classes:

(1) registered bulls;

(2) registered bred females;

(3) registered unbred females;

(4) nonregistered bred females; and

(5) nonregistered unbred females.

(b) A statement that such animals will conform to the general specification requirements set forth in Exhibits I or II, as applicable to the class of animals to be exported.

2. In addition to the justifications specified in Section 1488.3(d), a financing period in excess of 6 months but not in excess of 36 months for dairy breeding cattle may be justified when it will result in the use by the importer, or by purchasers from the importer, of the animals in the destination country under conditions which will promote expanded demand for additional breeding animals or feed stuffs from the United States.

3. An application for financing an export credit sale of dairy breeding cattle shall be accompanied by a written statement, by (a) an official of the appropriate ministry or department of the importing country or (b) the U.S. agricultural attache or other designated U.S. employee, that in his opinion the importer is qualified, by experience or otherwise, to receive, unload and clear for import, feed and house cattle.

C. Additional documents required after export.

In addition to the documents specified in Section 1488.9(a) (1), (2), (3), (4), (6), and (7), the exporter shall submit the following documents to the Treasurer, Commodity Credit Corporation:

1. Separate tag lists for each group of animals described in paragraphs A. 1. (a), (b), (c), (d), and (e) of this supplement, containing the following information:

(a) Eartag identification number;

(b) For each registered animal or nonregistered mature cow with a Superior performance index, shown separately opposite the identification number, the sales price as specified in the sales invoice to the foreign importer;

(c) For nonregistered females other than mature cows with a Superior performance index, shown for each lot group by tag list, the average sales price per animal based on the sales invoice to the foreign importer.

2. Production Performance Index records as follows:

(a) For registered bulls the applicable Acceptable or Superior performance index records of Sire and Dam as described in paragraph D. 1. or D. 2. of Exhibit II;

(b) For registered females if applicable, the Superior performance index records of Sire and Dam as described in paragraph D. 2. of Exhibit I;

(c) For registered or nonregistered mature cows if applicable, the Superior performance index records of Sire and Dam as described in paragraph D. 3. of Exhibit I.

3. A certification by the exporter that animals of the description in the exporter's sales contract with the foreign importer have been delivered, and that the exporter knows of no defenses to the account receivable assigned to CCC.

D. Miscellaneous.

The following documents or certifications, as applicable, shall be furnished to the importer by the exporter:

1. The certificates issued by an agent of the Consumer and Marketing Service, U.S. Department of Agriculture, as to official registration of the animal(s) and listing the eartag number(s), corresponding registration certificate and tattoo numbers for each registered animal showing that such numbers have been verified as legible and accurate for such animal, and that the person holding legal title to the animal at the time of export sale has appropriately executed such certificate for transfer to the party designated by the importer. (See Exhibit I or II.)

2. A certification by the breeder of females sold as "bred females" showing the eartag numbers and stating that the service bull was a registered bull of the same dairy cattle breed as the female to which bred. (See Exhibit I.)

3. The certificates issued or endorsed by the Animal Health Division, Agricultural Research Service, listing the eartag number(s) and showing that such animal has been inspected for compliance with "Health" requirements. (See Exhibit I or II.)

4. The certificates issued by the Consumer and Marketing Service listing the eartag number(s) for each animal showing for such animal compliance with breed, age, weight, and conformation specifications, for the class, as shown in Exhibit I or II, as applicable.

5. Certificates issued by a veterinarian accredited by the Agricultural Research Service, showing that bred females, sold as such, were examined and found to be with calf at time of inspection.

6. A semen certification by a veterinarian accredited by the Agricultural Research Service, for bulls over one year of age.

E. Dual purpose breeds.

When dual purpose breeds 1/ are eligible for financing under the provisions of both Supplement I and Supplement II to GSM-4, as amended, the exporter has the option of qualifying such animals under the provisions of either supplement. Such option ~~must~~ be stated in the application filed pursuant to Section 1488.3. In the event such dual purpose breeds are approved for export hereunder, the provisions of this supplement shall apply with the exception that the General Sales Manager is authorized, at the request of the applicant, to establish a minimum weight schedule and DHIR Milk Production Breed Average.

1/ Milking Shorthorn and Red Poll.

Exhibit I to Supplement II

USDA Approved Dairy Cattle Export Specifications - Females

Option A (to be specified by purchaser)

1. Registered 1/

Breed

- a. Ayrshire
- b. Brown Swiss
- c. Guernsey
- d. Holstein
- e. Jersey
- f. Milking Shorthorn 2/
- g. Red Poll 2/

2. Non-registered 3/

Predominant Breed

(specify from breed above)

Option B (to be specified by purchaser)

Age 4/

- 1. Calf - (6 to 12 months)
- 2. Yearling Open - (12 to 18 months)
- 3. Heifer Open - (18 to 30 months)
- 4. Bred Heifer - (18 to 30 months)
- 5. Mature Cow - (24 ~~to~~ 48 months)

- 1/ Animals must be officially registered with the appropriate National Breed Association and be so certified by C&MS agent.
- 2/ Dual purpose breeds (See paragraph E, Supplement I or II).
- 3/ Non-registered animals will be certified for breed by C&MS agent.
- 4/ Certification by C&MS agent.

General Requirements

A. Health 5/

1. Tested negative for tuberculosis within 30 days of loading aboard export carrier.
2. Tested negative for brucellosis within 30 days of loading aboard export carrier, or is an official vaccinate under 30 months of age.
3. Certified that the United States is a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.
4. Animals come from farms that have not been under State or Federal quarantine for any communicable disease during the past year.
5. Animals have been inspected and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto, and free of mites, ticks and ringworm or freed from the same.
6. Mature cows must be physically examined at time of inspection for the presence of mastitis by manipulating and stripping the udder and found not to have evidence of such infection. The exporter, at his option, may require the person from whom he purchases a mature cow to supply additional evidence of non-mastitis infection as he sees fit.

B. Minimum Weight 6/

1. Registered Animals

<u>Age</u>	<u>*</u>	<u>Holstein and Brown Swiss</u>	<u>Guernsey and Ayrshire</u>	<u>Jersey</u>
a.	6 months	360	295	260
b.	8 "	470	385	340
c.	10 "	565	455	410
d.	12 "	640	525	470
e.	14 "	710	585	520
f.	16 "	775	635	555

5/ Certification or endorsement furnished by Animal Health Division, Agricultural Research Service.

6/ Certification or endorsement furnished by Livestock Division, C&MS, USDA. Conformation specifications to be based on standards as set out in Appendix to Exhibit I attached. Weights may be determined by weighing or by estimates using a girth measurement tape.

<u>Age</u> *	<u>Holstein and Brown Swiss</u>	<u>Guernsey and Ayrshire</u>	<u>Jersey</u>
g. 18 months	835	685	600
h. 20 "	900	745	645
i. 22 "	970	790	695
j. 24 "	1,015	845	735
k. 26 "	1,045	870	760
l. 28 "	1,070	895	780
m. 30 "	1,090	910	790
n. 36 " and over	1,180	990	865

* Minimum weights for ages between the ages shown shall be determined proportionately.

2. Non-registered Animals

<u>Class</u>	<u>Holstein and Brown Swiss</u>	<u>Guernsey and Ayrshire</u>	<u>Jersey</u>
a. Calf	360	295	260
b. Yearling Open	640	525	470
c. Heifer Open	835	685	600
d. Heifer Bred	835	685	600
e. Mature Cow	1,015	845	735

C. Minimum Conformation 6/

All animals must meet the minimum body conformation specifications as described in Appendix to this Exhibit I.

D. Production Performance Index 7/

1. Acceptable. An Acceptable performance index for Registered or Nonregistered Females will be considered to exist if such animals meet the minimum conformation of item C above.

2. Superior. A Superior performance index for a Registered Female will be considered to exist if:

(a) Sire has a Plus (+) USDA Predicted Difference 8/ equal to two percent of DHIR breed average as shown in item E below, and

6/ Certification or endorsement furnished by Livestock Division, C&MS, USDA. Conformation specifications to be based on standards as set out in Appendix to Exhibit I attached. Weights may be determined by weighing or by estimates using a girth measurement tape.

7/ DHIA or DHIR milk production records mature equivalent based on 305-day, two times day milking.

8/ Source: USDA-DHIA Sire Summary Records - Agricultural Research Service.

(b) Dam has a DHIA or DHIR record 9/ equal to the DHIR breed average as shown in item E below.

3. Superior. A Superior performance index for a Registered or Nonregistered Mature Cow will be considered to exist if such animal has a DHIA or DHIR production record 9/ 15 percent above the DHIR breed average as shown in item E below.

E. DHIR Milk Production Breed Averages (Mature Equivalent)

The following breed averages are applicable to these specifications:

Breed	Breed Average (Pounds)	2% of Breed Average (Pounds)	15% of Breed Average (Pounds)
Ayrshire	12,556	251	1,883
Brown Swiss	13,187	264	1,978
Guernsey	10,483	210	1,572
Holstein	15,204	304	2,281
Jersey	9,465	189	1,420

F. Statement of Service

1. Bred females must have been bred to a registered bull of the same breed. 10/

2. Bred females must be at least two months pregnant but no more than six months pregnant at time of inspection. 11/

9/ Source: Breed Association, or Dairy Records Processing Center serving the DHIA Association where tested.

10/ Must be certified to by the breeder of the female at time of sale to exporter.

11/ The certification of pregnancy shall be by an accredited veterinarian.

Appendix to Exhibit I

MINIMUM BODY CONFORMATION SPECIFICATIONS FOR FEMALES

In addition to meeting the minimum weight for the breed as specified in Exhibit I, the animal shall possess femininity, normal breed conformation, quality and body capacity. She shall have the general appearance of thrift and vitality with eyes bright and ears alert. The feet and legs shall be well formed with the legs straight, strong and well set. The mammary system, if sufficiently developed, shall be strongly attached, well balanced and of fine texture. The teats shall be of acceptable size. There shall be no evidence of lameness or other serious body defects. She shall possess normal dairy character by showing a lack of obvious excess fatty condition for the age class. Females officially classified by the respective breed association as "Good Plus" (or equivalent) or higher shall be acceptable if found at time of inspection not to have developed a physical defect in conflict with the above-stated conditions.

Exhibit II to Supplement II

USDA Approved Dairy Cattle Export Specifications - Bulls

Option A (to be specified by purchaser)

Breed 1/

- a. Ayrshire
- b. Brown Swiss
- c. Guernsey
- d. Holstein
- e. Jersey
- f. Milking Shorthorn 2/
- g. Red Poll 2/

Option B (to be specified by purchaser)

Age 3/

- a. Calf - (6 to 12 months)
- b. Yearling - (12 to 18 months)
- c. Young Bull - (18 to 24 months)
- d. Mature Bull - (24 to 48 months)

-
- 1/ All animals for delivery under these specifications must be officially registered with the appropriate National Breed Association and be so certified by C&MS agent.
 - 2/ Dual purpose breeds (See paragraph E, Supplement I or II).
 - 3/ Certified by C&MS agent.

General Requirements

A. Health 4/

1. Tested negative for tuberculosis and brucellosis within 30 days of loading aboard export carrier.
2. Animals come from farms that have not been under quarantine for any communicable disease during the past year.
3. Certified that the United States is a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.
4. Animals have been inspected and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto and free of mites, ticks and ringworm or freed from the same.

B. Minimum Weight 5/

<u>Age</u> *	<u>Holstein and Brown Swiss</u>	<u>Guernsey and Ayrshire</u>	<u>Jersey</u>
a. 6 months	450	370	315
b. 8 "	585	480	410
c. 10 "	710	555	490
d. 12 "	820	655	565
e. 14 "	930	755	645
f. 16 "	1,040	840	745
g. 18 "	1,155	920	815
h. 21 "	1,320	1,065	950
i. 24 "	1,455	1,210	1,050
j. 27 "	1,570	1,310	1,140
k. 30 "	1,670	1,395	1,215
l. 36 " and over	1,840	1,545	1,350

* Minimum weights for ages between the ages shown shall be determined proportionately.

C. Minimum Conformation 5/

All animals must meet the minimum body conformation as described in Appendix to Exhibit II.

4/ Certification or endorsement furnished by Animal Health Division, Agricultural Research Service, USDA.

5/ Certification or endorsement furnished by Livestock Division, C&MS, USDA. Conformation specifications to be based on standards as set out in Appendix to Exhibit II attached. Weights may be determined by weighing or by estimates using a girth measurement tape.

D. Production Performance Index 6/

1. Acceptable. An Acceptable performance index for a Registered Bull will be considered to exist if:

(a) Sire has a Plus (+) USDA Predicted Difference 7/, and

(b) Dam has a DHIA or DHIR record 8/ 15 percent above the DHIR breed average as shown in item E below.

2. Superior. A Superior performance index for a Registered Bull will be considered to exist if:

(a) Sire has a Plus (+) USDA Predicted Difference 7/ equal to two percent of DHIR breed average as shown in item E below, and

(b) Dam has a DHIA or DHIR record 8/ 25 percent above the DHIR breed average as shown in item E below.

E. DHIR Milk Production Breed Averages (Mature Equivalent)

The following breed averages are applicable to these specifications:

<u>Breed</u>	<u>Breed Average</u>	<u>2% of Breed</u>	<u>15% of Breed</u>	<u>25% of Breed</u>
	<u>(Pounds)</u>	<u>Average</u>	<u>Average</u>	<u>Average</u>
		<u>(Pounds)</u>	<u>(Pounds)</u>	<u>(Pounds)</u>
Ayrshire	12,556	251	1,883	3,139
Brown Swiss	13,187	264	1,978	3,297
Guernsey	10,483	210	1,572	2,621
Holstein	15,204	304	2,281	3,801
Jersey	9,465	189	1,420	2,366

F. A semen check indicating at least 60 percent sperm motility must be supplied for bulls over one year of age. 9/

6/ DHIA or DHIR milk production records. Mature equivalent based on 305-day, two times day milking.

7/ Source: USDA-DHIA Sire Summary Records, Agricultural Research Service.

8/ Source: Breed Association or Dairy Records Processing Center serving the DHIA Association where tested.

9/ Certification must be issued by an accredited veterinarian.

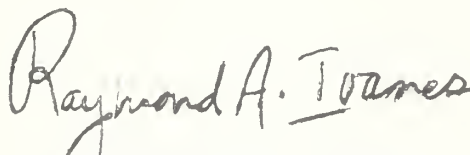
Appendix to Exhibit II

MINIMUM BODY CONFORMATION SPECIFICATIONS FOR BULLS

In addition to meeting the minimum weight for the breed as specified in Exhibit II, the animal shall possess masculinity, normal breed conformation, quality, and body capacity. He shall have the general appearance of thrift and vitality with eyes bright and ears alert. The feet and legs shall be well formed with legs straight, strong, and well set. There shall be no evidence of lameness or other serious body defects. He shall possess normal dairy character by showing a lack of obvious excess fatty condition for the age class. Bulls officially classified by the respective breed association as "Good Plus" (or equivalent) or higher shall be acceptable if found at time of inspection not to have developed a physical defect in conflict with the above-stated conditions.

Effective Date: This republication of regulations shall be effective upon publication in the Federal Register.

Published on October 9, 1968



Vice President, Commodity Credit
Corporation, and
Administrator, Foreign Agricultural Service

Notice to Exporters

The Department of Commerce, Bureau of International Commerce, pursuant to regulations under the Export Control Act of 1949, prohibits the exportation or reexportation by anyone of any commodities under this program to Cuba, the Soviet Bloc, or Communist-controlled areas of the Far East including Communist China, North Korea, and the Communist-controlled area of Vietnam, except under validated license issued by the U.S. Department of Commerce, Bureau of International Commerce.

For all exportations, one of the destination control statements specified in Commerce Department Regulations (Comprehensive Export Schedule 15 CFR 379.10 (c)) is required to be placed on all copies of the shipper's export declaration, all copies of the bill of lading, and all copies of the commercial invoices. For additional information as to which destination control statement to use, the exporter should communicate with the Bureau of International Commerce or one of the field offices of the Department of Commerce.

Exporters should consult the applicable Commerce Department regulations for more detailed information if desired and for any changes that may be made therein.

